

SENATE BILL REPORT

SB 6151

As Reported by Senate Committee On:
Ways & Means, January 30, 2014

Title: An act relating to access to and economic development of cultural and heritage programs and facilities and authorizing the creation of cultural access authorities.

Brief Description: Concerning the creation of cultural access authorities.

Sponsors: Senators Hill, Fraser, Litzow, Kohl-Welles, Angel, Nelson, Chase, Pedersen and Frockt.

Brief History:

Committee Activity: Ways & Means: 1/28/14, 1/30/14 [DP, DNP, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Hill, Chair; Honeyford, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Assistant Ranking Member on the Operating Budget; Bailey, Billig, Braun, Conway, Fraser, Hatfield and Kohl-Welles.

Minority Report: Do not pass.

Signed by Senator Padden.

Minority Report: That it be referred without recommendation.

Signed by Senators Becker, Dammeier, Parlette, Rivers, Schoesler and Tom.

Staff: Dean Carlson (786-7305)

Background: Sales and Use Tax. Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use taxes apply to the value of property, digital product, or service when used in this state. The state, most cities, and all counties levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.1 percent, depending on the location.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Property Taxes. Property taxes are imposed by state and local governments. The county assessor determines assessed value for each property. The county assessor also calculates the tax rate necessary to raise the correct amount of property taxes for each taxing district. The assessor calculates the rate so the individual district rate limit, the district revenue limit, and the aggregate rate limits are all satisfied. The property tax bill for an individual property is determined by multiplying the assessed value of the property by the tax rate for each taxing district in which the property is located. The assessor delivers the county tax roll to the county treasurer. The county treasurer collects property taxes based on the tax roll.

Summary of Bill: A county may create a cultural access authority (authority) by resolution of the county legislative body for the purpose of supporting cultural organizations. The boundaries of the authority may be coextensive with the county or may encompass only portions of the county. In addition, contiguous counties may create an authority by entering into an interlocal agreement. In a county with a population of 1.5 million or more, the authority must be governed by a five-person board. All other counties must be governed by either a three person or a five-person board. Board members may not be members of a county legislative authority or of a city legislative authority within the authority.

A county creating an authority may provide, for up to four years, start-up costs for an authority but no money may be used to influence an election. Any start-up costs must be repaid to the county with interest. Any authority that has not secured voter-approved taxes within four years must be dissolved. A county may not use the authority funding to supplant its normal cultural funding.

Funding for the authority comes from either a voter-approved 0.1 percent sales tax or a voter-approved property tax raising the equivalent amount to the 0.1 percent sales tax. The vote must take place at a special election after June 30, 2015. The taxes may apply for up to seven years. One or more additional periods of up to seven years may occur subject to a majority vote at a special election. The property tax is not subject to the \$5.90 regular property tax limit, but is subject to the constitutional \$10.00 limit.

An authority may only provide funding to cultural organizations that provide discernible public benefits. The authority must also develop and provide a public school cultural access program. Public school cultural access programs must be designed to increase public school student access to cultural programs and, among other things, must include a centralized service to coordinate opportunities, funding for transportation, and an annual school access plan and annual report.

Fund Allocation in Large Counties. A county with a population of more than 1.5 million must allocate funds in the following priority:

- repayment of start-up funds;
- administrative costs; up to 1.25 percent of total funds;
- a public school cultural access program; 10 percent of remaining funds;
- distributions to nonprofit regional cultural organizations based on average annual revenues of at least \$1.25 million for the prior three years; 75 percent of remaining funds; and
- distributions to public agencies designated by the county to fund grants to community-based organizations pursuant to established guidelines; any remaining

funds but administrative costs of the public agency may not exceed 8 percent of remaining funds.

Fund Allocation in Other Counties. A county with a population less than 1.5 million must allocate funds in the following priority:

- repayment of start-up funds and administrative costs of the authority;
- school cultural access program; amount determined by the authority; and
- distributions to the authority or designated entity responsible for making remaining distributions to regional organizations, community-based cultural organizations, and amounts for administrative costs incurred by the designated entity.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Cultural organizations enhance quality of life, increase economic prosperity, and improve educational outcomes. Cultural organization support is \$83 million in state and local taxes. This has three benefits: enhancing education, strengthening the economy, and preserving local and voter control. This will halt diminishing access to cultural organizations. This increases access to cultural experiences to both kids and adults. Communities that are homes of vibrant cultural experiences are more competitive. People choose to live in places that have good schools and good cultural offerings. Children and young adults need access to visual and performing arts, and those opportunities are going away. There is a general lack of places where children can show their work. The children's museum gives kids a break from their everyday realities. This is one of the most important opportunities in the state to provide funding to cultural organizations. Schools cannot afford to bring kids to the science center. This will provide access to children of cultural organizations. Exposing children to cultural experiences has an impact on graduation rates. Wagner's ring cycle brought in \$34 million in three weeks.

Persons Testifying: PRO: David Brown, Cultural Access WA, Pacific NW Ballet; Lisa Toomey, Hanford Reach; Patty Belmonte, Hands On Children's Museum; Bryce Seidl, Pacific Science Center; Louise Miller, Seattle Opera; Cathy Lehman, Bellingham City Council; Tower Bert, Peter Horvitz, citizens.